



WISCONSIN OFFICE of **HEALTH CARE REFORM**

HEALTH CARE REFORM FACT CHECK: The Truth About Medicare Changes Under ACA

The new health care law strengthens Medicare, reduces fraud, and closes the gap in Medicare prescription drug coverage known as the ‘donut hole’. It will make coverage more affordable and extend the life of the Medicare Trust Fund. However, a great deal of confusion and misinformation still exists.

It is important for seniors to understand exactly what to expect from their Medicare coverage under the Affordable Care Act and be able to separate myth from reality.

Myth #1:

Health care reform cuts \$500 billion from Medicare and will shorten the life of the program.

Reality:

Actually, because of the Affordable Care Act, Medicare will be in a better financial state than it was before the ACA. Rather than cutting Medicare spending, the health care reform law slows spending growth. (Instead of growing at 8.5% each year, Medicare spending will instead increase by 5.8%)

Some experts have predicted that Medicare will save over \$400 billion between now and 2019—the billions of dollars in “cuts” that some refer to. These cost-saving measures actually extend the life of the Medicare trust fund by 12 years.

Myth #2:

Because of the Medicare cuts, individuals will lose coverage or access to guaranteed services.

Reality:

No one will lose Medicare coverage, and there will be no cuts in guaranteed benefits or changes in eligibility. The same protections and drug benefits that currently exist for seniors will remain in place under the ACA, and seniors can still choose their doctors like they have done in the past with Original Medicare.

In fact, starting in 2011, those preventive services that are recommended by the U.S. Preventive Services Task Force, such as mammograms and cancer screenings, will be offered under Medicare with no co-insurance or deductible charge to beneficiaries, and an annual wellness exam will be provided free-of-charge to those with Medicare coverage.

Myth #3:

Medicare cuts will threaten Part D prescription drug coverage.

Reality:

Under the Affordable Care Act, the “donut hole” that many individuals reached under Medicare Part D prescription drug benefits will gradually close between now and 2020. Previously, when individuals reached the coverage gap, they paid 100% of the cost of their prescription drugs. Last year more than 74,000 Wisconsin seniors fell into this donut hole. This year, individuals who reach the coverage gap will get a \$250 rebate from the federal government, and next year they will receive 50% off brand-name prescriptions purchased after they reach the gap from pharmaceutical companies.

Also in 2011, the government will phase in subsidies for generic drugs. In 2013, the government will introduce additional subsidies for brand-name drugs beyond the 50% discount so that by 2020 the coverage gap will be closed. Until then, Medicare beneficiaries will have to pay for drugs even when they’re in the donut hole. It is estimated, however, that in 2011, the average senior will save \$700 per year and in 2020, \$3000 annually.

It is important to note that there will now be income related thresholds in place to determine how much of a drug premium a person will pay. Previously, individuals paid the same premium rates no matter their income, but changes in rates will now be set at thresholds similar to those in the Medicare Part B benefit and will be fixed until 2019.

What does AARP say about ACA and Medicare?

The health care law strengthens Medicare by protecting and improving your guaranteed benefits and cracking down on waste, fraud and inefficiency. It also identifies savings that will keep Medicare financially stable for 12 years longer than if no law had been passed.

The law protects any cuts to Medicare’s guaranteed benefits, which include doctor, hospital and rehabilitation services. This is true whether you have Original Medicare or a Medicare Advantage plan.

(source aarp.org, <http://tinyurl.com/2g3ptou>)

More Coverage on the truth about Medicare Cuts:

http://www.aarp.org/health/health-care-reform/info-08-2010/hcr_explained_extending_the_life_of_medicare.html

http://assets.aarp.org/www.aarp.org/articles/health/208147_hcr_law_and_medicare.pdf

<http://www.npr.org/templates/story/story.php?storyId=130107563>